

HOUSE BILL NO. 430

INTRODUCED BY J. GILLETTE, G. HERTZ

A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING A RENT LOCAL PROGRAM FUNDED WITH A TAX ON SHORT-TERM RENTALS; PROVIDING THAT THE PROGRAM IS OPTIONAL; PROVIDING THAT THE PROGRAM PROVIDES REBATES TO PROPERTY OWNERS WHO RENT RESIDENTIAL DWELLINGS TO LOCAL EMPLOYEES; PROVIDING FOR ADMINISTRATION OF A RENT LOCAL PROGRAM; PROVIDING FOR PROGRAM ADMINISTRATIVE COSTS; PROVIDING A STATUTORY APPROPRIATION; PROVIDING RULEMAKING AUTHORITY; PROVIDING DEFINITIONS; AMENDING SECTIONS 15-65-121, 15-68-101, 15-68-102, 15-68-502, 15-68-820, 17-7-502, 22-3-1303, 22-3-1304, AND 22-3-1307, MCA; AND PROVIDING A DELAYED EFFECTIVE DATE AND AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. **Section 1. Rent local program -- definitions.** (1) An incorporated city, resort area, resort area district, or county in which the tax on short-term rentals provided for in 15-68-102(1)(b) and (3)(a)(ii) is levied shall use the revenue distributed pursuant to [section 2] for a rent local program as provided in this section.

(2) The rent local program must be used to provide rebates to property owners who rent residential dwellings to local employees. The governing body shall enact an ordinance governing the program. The ordinance may be amended at any time as may be necessary to administer the program. The ordinance must include:

- (a) the application process for the program;
- (b) the maximum rents by residential dwelling size that qualify for the program;
- (c) the rebate amounts available to qualifying property owners;
- (d) whether a property owner may receive a rebate for multiple residential dwellings;
- (e) the minimum lease term, which may not be less than 1 year;
- (f) the information that a property owner shall provide to confirm the tenant is a local employee;

1 (g) a schedule for providing payments to property owners approved for the rent local program;

2 (h) the procedure for determining the continued eligibility for a property owner and a local

3 employee; and

4 (i) any other information necessary to administer the program.

5 (3) The governing body may administer the rent local program or may contract a third-party
6 administrator to administer the rent local program on behalf of the governing body. Not more than 15% of the
7 revenue designated for the rent local program may be used for administrative costs incurred by the governing
8 body or the third-party administrator.

9 (4) The governing body of an incorporated city, resort area, resort area district, or county
10 considering creating a rent local program shall hold a public hearing with the opportunity for public testimony.
11 The governing body shall pass a resolution to establish the program and shall provide the resolution to the
12 department of revenue. The resolution must provide the effective date of the short-term rental tax, which may
13 not be less than 90 days from the date of the passage of the resolution.

14 (5) As used in this section, the following definitions apply:

15 (a) "Governing body" means:

16 (i) if the tax is levied in an incorporated city, the governing body of the incorporated city;

17 (ii) if the tax is levied in a resort area and the qualified electors of the resort area established a
18 resort area district, the district board of directors; or

19 (iii) if the tax is levied outside of an incorporated city or a resort area district, the board of county
20 commissioners.

21 (b) "Local employee" means an employee who works an average of 30 hours or more a week for
22 an employer located within the incorporated city, resort area, resort area district, or county.

23 (c) "Third-party administrator" means a private, nonprofit organization with expertise in housing
24 that a governing body contracts to administer a rent local program.

25
26 **NEW SECTION. Section 2. Rent local program account.** (1) There is a rent local program account
27 in the state special revenue fund provided for in 17-2-102.

28 (2) The tax collections provided for in 15-68-820(4) must be deposited in the account.

1 (3) The money in the account is statutorily appropriated, as provided in 17-7-502, to the
 2 department of revenue. The department shall distribute the money in the account, less 5% for department
 3 administrative costs, to the governing body of the incorporated city, resort area, resort area district, or county
 4 where the tax provided for in 15-68-102(1)(b) and (3)(a)(ii) was collected.

5

6 **Section 3.** Section 15-65-121, MCA, is amended to read:

7 **"15-65-121. (Temporary) Distribution of tax proceeds.** (1) The proceeds of the tax imposed by 15-
 8 65-111 must, in accordance with the provisions of 17-2-124, be deposited in an account in the state special
 9 revenue fund to the credit of the department. The department may spend from that account in accordance with
 10 an expenditure appropriation by the legislature based on an estimate of the costs of collecting and disbursing
 11 the proceeds of the tax. Before allocating the balance of the tax proceeds in accordance with the provisions of
 12 17-2-124 and as provided in subsections (2)(a) through (2)(i) of this section, the department shall determine the
 13 expenditures by state agencies for in-state lodging for each reporting period and deduct 4% of that amount from
 14 the tax proceeds received each reporting period. The department shall distribute the portion of the 4% that was
 15 paid with federal funds to the agency that made the in-state lodging expenditure and deposit 30% of the amount
 16 deducted less the portion paid with federal funds in the state general fund.

17 (2) The balance of the tax proceeds received each reporting period and not deducted pursuant to
 18 the expenditure appropriation, deposited in the state general fund, distributed to agencies that paid the tax with
 19 federal funds, or deposited in the heritage preservation and development account must be transferred to an
 20 account in the state special revenue fund to the credit of the department of commerce for tourism promotion
 21 and promotion of the state as a location for the production of motion pictures and television commercials, to the
 22 Montana historical interpretation state special revenue account, to the Montana historical society, to the
 23 university system, to the state-tribal economic development commission, and to the department of fish, wildlife,
 24 and parks, as follows:

25 (a) 1% to the Montana historical society to be used for the installation or maintenance of roadside
 26 historical signs and historic sites;

27 (b) 2.5% to the university system for the establishment and maintenance of a Montana travel
 28 research program;

1 (c) 6.5% to the department of fish, wildlife, and parks for the maintenance of facilities in state parks
2 that have both resident and nonresident use;

3 (d) 1.4% to the invasive species state special revenue account established in 80-7-1004;

4 (e) 60.3% to be used directly by the department of commerce;

5 (f) (i) except as provided in subsection (2)(f)(ii), 22.5% to be distributed by the department to
6 regional nonprofit tourism corporations in the ratio of the proceeds collected in each tourism region to the total
7 proceeds collected statewide; and

8 (ii) if 22.5% of the proceeds collected annually within the limits of a city, consolidated city-county,
9 resort area, or resort area district exceeds \$35,000, 50% of the amount available for distribution to the regional
10 nonprofit tourism corporation in the region where the city, consolidated city-county, resort area, or resort area
11 district is located, to be distributed to the nonprofit convention and visitors bureau in that city, consolidated city-
12 county, resort area, or resort area district;

13 (g) 0.5% to the state special revenue account provided for in 90-1-135 for use by the state-tribal
14 economic development commission established in 90-1-131 for activities in the Indian tourism region;

15 (h) 2.6% to the Montana historical interpretation state special revenue account established in 22-3-
16 115; and

17 (i) 2.7% or \$1 million, whichever is less, to the Montana heritage preservation and development
18 account provided for in 22-3-1004. The Montana heritage preservation and development commission shall
19 report on the use of funds received pursuant to this subsection (2)(i) to the legislative finance committee on a
20 semiannual basis, in accordance with 5-11-210.

21 (3) If a city, consolidated city-county, resort area, or resort area district qualifies under ~~15-68-~~
22 ~~820(5)(b)(iii)~~ 15-68-820(6)(b)(iii) or this section for funds but fails to either recognize a nonprofit convention and
23 visitors bureau or submit and gain approval for an annual marketing plan as required in 15-65-122, then those
24 funds must be allocated to the regional nonprofit tourism corporation in the region in which the city,
25 consolidated city-county, resort area, or resort area district is located.

26 (4) If a regional nonprofit tourism corporation fails to submit and gain approval for an annual
27 marketing plan as required in 15-65-122, then those funds otherwise allocated to the regional nonprofit tourism
28 corporation may be used by the department of commerce for tourism promotion and promotion of the state as a

1 location for the production of motion pictures and television commercials.

2 (5) The tax proceeds received that are transferred to a state special revenue account pursuant to
3 subsections (2)(a) through (2)(c), (2)(e), and (2)(f) are statutorily appropriated to the entities as provided in 17-
4 7-502.

5 (6) The tax proceeds received that are transferred to the invasive species state special revenue
6 account pursuant to subsection (2)(d), to the Montana historical interpretation state special revenue account
7 pursuant to subsection (2)(h), and to the Montana heritage preservation and development account pursuant to
8 subsection (2)(i) are subject to appropriation by the legislature. (Terminates June 30, 2027--sec. 12, Ch. 563, L.
9 2021.)

10 **15-65-121. (Effective July 1, 2027) Distribution of tax proceeds.** (1) The proceeds of the tax
11 imposed by 15-65-111 must, in accordance with the provisions of 17-2-124, be deposited in an account in the
12 state special revenue fund to the credit of the department. The department may spend from that account in
13 accordance with an expenditure appropriation by the legislature based on an estimate of the costs of collecting
14 and disbursing the proceeds of the tax. Before allocating the balance of the tax proceeds in accordance with
15 the provisions of 17-2-124 and as provided in subsections (2)(a) through (2)(h) of this section, the department
16 shall determine the expenditures by state agencies for in-state lodging for each reporting period and deduct 4%
17 of that amount from the tax proceeds received each reporting period. The department shall distribute the
18 portion of the 4% that was paid with federal funds to the agency that made the in-state lodging expenditure and
19 deposit 30% of the amount deducted less the portion paid with federal funds in the state general fund. The
20 amount of \$400,000 each year must be deposited in the Montana heritage preservation and development
21 account provided for in 22-3-1004.

22 (2) The balance of the tax proceeds received each reporting period and not deducted pursuant to
23 the expenditure appropriation, deposited in the state general fund, distributed to agencies that paid the tax with
24 federal funds, or deposited in the heritage preservation and development account must be transferred to an
25 account in the state special revenue fund to the credit of the department of commerce for tourism promotion
26 and promotion of the state as a location for the production of motion pictures and television commercials, to the
27 Montana historical interpretation state special revenue account, to the Montana historical society, to the
28 university system, to the state-tribal economic development commission, and to the department of fish, wildlife,

1 and parks, as follows:

2 (a) 1% to the Montana historical society to be used for the installation or maintenance of roadside
3 historical signs and historic sites;

4 (b) 2.5% to the university system for the establishment and maintenance of a Montana travel
5 research program;

6 (c) 6.5% to the department of fish, wildlife, and parks for the maintenance of facilities in state parks
7 that have both resident and nonresident use;

8 (d) 1.4% to the invasive species state special revenue account established in 80-7-1004;

9 (e) 63% to be used directly by the department of commerce;

10 (f) (i) except as provided in subsection (2)(f)(ii), 22.5% to be distributed by the department to
11 regional nonprofit tourism corporations in the ratio of the proceeds collected in each tourism region to the total
12 proceeds collected statewide; and

13 (ii) if 22.5% of the proceeds collected annually within the limits of a city, consolidated city-county,
14 resort area, or resort area district exceeds \$35,000, 50% of the amount available for distribution to the regional
15 nonprofit tourism corporation in the region where the city, consolidated city-county, resort area, or resort area
16 district is located, to be distributed to the nonprofit convention and visitors bureau in that city, consolidated city-
17 county, resort area, or resort area district;

18 (g) 0.5% to the state special revenue account provided for in 90-1-135 for use by the state-tribal
19 economic development commission established in 90-1-131 for activities in the Indian tourism region; and

20 (h) 2.6% to the Montana historical interpretation state special revenue account established in 22-3-
21 115.

22 (3) If a city, consolidated city-county, resort area, or resort area district qualifies under ~~15-68-~~
23 ~~820(5)(b)(iii)~~ 15-68-820(6)(b)(iii) or this section for funds but fails to either recognize a nonprofit convention and
24 visitors bureau or submit and gain approval for an annual marketing plan as required in 15-65-122, then those
25 funds must be allocated to the regional nonprofit tourism corporation in the region in which the city,
26 consolidated city-county, resort area, or resort area district is located.

27 (4) If a regional nonprofit tourism corporation fails to submit and gain approval for an annual
28 marketing plan as required in 15-65-122, then those funds otherwise allocated to the regional nonprofit tourism

1 corporation may be used by the department of commerce for tourism promotion and promotion of the state as a
2 location for the production of motion pictures and television commercials.

3 (5) The tax proceeds received that are transferred to a state special revenue account pursuant to
4 subsections (2)(a) through (2)(c), (2)(e), and (2)(f) are statutorily appropriated to the entities as provided in 17-
5 7-502.

6 (6) The tax proceeds received that are transferred to the invasive species state special revenue
7 account pursuant to subsection (2)(d) and to the Montana historical interpretation state special revenue account
8 pursuant to subsection (2)(h) are subject to appropriation by the legislature."

9

10 **Section 4.** Section 15-68-101, MCA, is amended to read:

11 **"15-68-101. Definitions.** For purposes of this chapter, unless the context requires otherwise, the
12 following definitions apply:

13 (1) (a) "Accommodations" means short-term rentals or individual sleeping rooms, suites, camping
14 spaces, or other units offered for overnight lodging periods of less than 30 days to the general public for
15 compensation.

16 (b) Accommodations include units located in property represented to the public as a hotel, motel,
17 campground, resort, dormitory, condominium inn, dude ranch, guest ranch, hostel, public lodginghouse, bed
18 and breakfast facility, vacation home, home, apartment, timeshare, room, or rooms rented by or on behalf of the
19 owner or seller.

20 (c) The term does not include:

21 (i) a health care facility, as defined in 50-5-101;

22 (ii) any facility owned by a corporation organized under Title 35, chapter 2 or 3;

23 (iii) a facility that is used primarily by persons under 18 years of age for camping purposes; or

24 (iv) rooms or spaces offered separately to the general public for nonlodging purposes, including
25 meeting, conference, or banquet spaces.

26 (2) (a) "Base rental charge" means the following:

27 (i) charges for time of use of the rental vehicle and mileage, if applicable;

28 (ii) charges accepted by the renter for insurance;

1 (iii) charges for additional drivers or underage drivers; and

2 (iv) charges for child safety restraints, luggage racks, ski racks, or other accessory equipment for
3 the rental vehicle.

4 (b) The term does not include:

5 (i) rental vehicle price discounts allowed and taken;

6 (ii) rental charges or other charges or fees imposed on the rental vehicle owner or operator for the
7 privilege of operating as a concessionaire at an airport terminal building;

8 (iii) motor fuel;

9 (iv) intercity rental vehicle drop charges; or

10 (v) taxes imposed by the federal government or by state or local governments.

11 (3) (a) "Campground" means a place used for public camping where persons may camp, secure
12 tents, or park individual recreational vehicles for camping and sleeping purposes.

13 (b) The term does not include that portion of a trailer court, trailer park, or mobile home park
14 intended for occupancy by trailers or mobile homes for resident dwelling purposes for periods of 30 consecutive
15 days or more.

16 (4) "Engaging in business" means carrying on or causing to be carried on any activity with the
17 purpose of receiving direct or indirect benefit.

18 (5) "Governing body" means:

19 (a) if the tax is levied in an incorporated city, the governing body of the incorporated city;

20 (b) if the tax is levied in a resort area and the qualified electors of the resort area established a
21 resort area district, the district board of directors; or

22 (c) if the tax is levied outside of an incorporated city or a resort area district, the board of county
23 commissioners.

24 ~~(5)(6)~~ (a) "Motor vehicle" means:

25 (i) a light vehicle as defined in 61-1-101;

26 (ii) a motorcycle as defined in 61-1-101;

27 (iii) a motor-driven cycle as defined in 61-1-101;

28 (iv) a quadricycle as defined in 61-1-101;

- 1 (v) a motorboat or a sailboat as defined in 23-2-502; or
- 2 (vi) an off-highway vehicle as defined in 23-2-801 that:
- 3 (A) is rented for a period of not more than 30 days;
- 4 (B) is rented without a driver, pilot, or operator; and
- 5 (C) is designed to transport 15 or fewer passengers.
- 6 (b) Motor vehicle includes:
- 7 (i) a rental vehicle rented pursuant to a contract for insurance; and
- 8 (ii) a truck, trailer, or semitrailer that has a gross vehicle weight of less than 22,000 pounds, that is
- 9 rented without a driver, and that is used in the transportation of personal property.
- 10 (c) The term does not include farm vehicles, machinery, or equipment.
- 11 ~~(6)~~(7) "Online hosting platform" means any person that provides an online application, software,
- 12 website, or system through which a seller may advertise, rent, or furnish accommodations or rental vehicles
- 13 and through which a purchaser may arrange for use of those accommodations or the use or lease of rental
- 14 vehicles. Online hosting platforms include any online travel company or third-party reservation intermediary that
- 15 facilitates the sale or use of accommodations or rental vehicles.
- 16 ~~(7)~~(8) "Person" means an individual, estate, trust, fiduciary, corporation, partnership, limited liability
- 17 company, limited liability partnership, online hosting platform, or any other legal entity.
- 18 ~~(8)~~(9) "Purchaser" means a person to whom a sale of accommodations or a rental vehicle is made or
- 19 to whom a service is furnished.
- 20 ~~(9)~~(10) "Rental vehicle" means a motor vehicle that is used for or by a person other than the owner of
- 21 the motor vehicle through an arrangement and for consideration.
- 22 (11) "Resort area" has the meaning provided in 7-6-1501.
- 23 (12) "Resort area district" has the meaning provided in 7-6-1501.
- 24 ~~(10)~~(13) "Retail sale" means any sale, lease, or rental for any purpose other than for resale, sublease,
- 25 or subrent.
- 26 ~~(14)~~(14) "Sale" or "selling" means the rental or use of accommodations or rental vehicles for
- 27 consideration or the performance of a service for consideration.
- 28 ~~(15)~~(15) (a) "Sales price" applies to the measure subject to the tax under Title 15, chapter 65, and this

1 chapter and means the total amount paid by the purchaser in the form of consideration, including cash, credit,
2 property, and services, for which sales of accommodations, rental vehicles, or services are provided, sold,
3 leased, or rented or valued in money, whether received in money or otherwise, without any deduction for the
4 following:

5 (i) the seller's cost of the property sold;

6 (ii) the cost of materials used, labor or service costs, interest, losses, all costs of transportation to
7 the seller, all taxes imposed on the seller, and any other expense of the seller;

8 (iii) charges by the seller for any services necessary to complete the sale;

9 (iv) delivery charges; or

10 (v) installation charges.

11 (b) The amount received for charges listed in subsections ~~(12)(a)(ii)~~ (15)(a)(ii) through ~~(12)(a)(v)~~

12 (15)(a)(v) are excluded from the sales price if they are separately stated on the invoice, billing, or similar

13 document given to the purchaser and the charge is not subject to subsection ~~(12)(d)~~ (15)(d).

14 (c) The term does not include:

15 (i) charges for meals, transportation, entertainment, or any other similar charges; or

16 (ii) any taxes legally imposed directly on the consumer that are separately stated on the invoice,
17 bill of sale, or similar document given to the purchaser.

18 (d) Unless specifically excluded, sales price includes any separate charge or fee that a purchaser
19 must pay to facilitate the sale or rental of the accommodations or rental vehicle, including a fee or a service,
20 commission, or other charge by an online hosting platform.

21 ~~(13)(16)~~ "Sales tax" and "use tax" mean the applicable tax imposed by 15-68-102.

22 ~~(14)(17)~~ "Seller" means a person that makes sales of accommodations or rental vehicles, including an
23 online hosting platform.

24 ~~(15)(18)~~ (a) "Service" means an activity that is engaged in for another person for consideration and
25 that is distinguished from the sale or lease of accommodations or rental vehicles. Service includes activities
26 performed by an online hosting platform.

27 (b) In determining what a service is, the intended use, principal objective, or ultimate objective of
28 the contracting parties is irrelevant.

1 ~~(16)~~(19) "Short-term rental" means any individually or collectively owned single-family house or
 2 dwelling unit or any unit or group of units in a condominium, cooperative, timeshare, or owner-occupied
 3 residential home that is offered for a fee for 30 days or less.

4 ~~(17)~~(20) "Short-term rental marketplace" means a person that provides a platform through which a
 5 seller or the authorized agent of the seller offers a short-term rental to an occupant.

6 ~~(18)~~(21) "Timeshare" means any facility for which multiple parties or individuals own a right to use the
 7 facility for lodging purposes, and these parties or individuals do not hold claim to ownership of the physical
 8 property."
 9

10 **Section 5.** Section 15-68-102, MCA, is amended to read:

11 "**15-68-102. Imposition and rate of sales tax and use tax -- exceptions -- rules.** (1) A sales tax of
 12 the following percentages is imposed on sales of the following property or services:

13 (a) 4% on accommodations and campgrounds;

14 (b) 0.25% on a short-term rental located in an incorporated city, resort area, resort area district, or
 15 county that establishes a rent local program provided for in [section 1];

16 ~~(b)~~(c) 4% on the base rental charge for rental vehicles.

17 (2) The sales tax is imposed on the purchaser and must be collected by the seller and paid to the
 18 department by the seller. The seller holds all sales taxes collected in trust for the state. The sales tax must be
 19 applied to the sales price.

20 (3) (a) For the privilege of using property or services within this state, there is imposed on the
 21 person using the following property or services a use tax equal to the following percentages of the value of the
 22 property or services:

23 (i) 4% on accommodations and campgrounds;

24 (ii) 0.25% on a short-term rental located in an incorporated city, resort area, resort area district, or
 25 county that establishes a rent local program provided for in [section 1];

26 ~~(ii)~~(iii) 4% on the base rental charge for rental vehicles.

27 (b) The use tax is imposed on property or services that were:

28 (i) acquired outside this state as the result of a transaction that would have been subject to the

1 sales tax had it occurred within this state;

2 (ii) acquired within the exterior boundaries of an Indian reservation within this state as a result of a
3 transaction that would have been subject to the sales tax had it occurred outside the exterior boundaries of an
4 Indian reservation within this state;

5 (iii) acquired as the result of a transaction that was not initially subject to the sales tax imposed by
6 subsection (1) or the use tax imposed by subsection (3)(a) but which transaction, because of the buyer's
7 subsequent use of the property, is subject to the sales tax or use tax; or

8 (iv) rendered as the result of a transaction that was not initially subject to the sales tax or use tax
9 but that because of the buyer's subsequent use of the services is subject to the sales tax or use tax.

10 (4) For purposes of this section, the value of property must be determined as of the time of
11 acquisition, introduction into this state, or conversion to use, whichever is latest.

12 (5) The sale of property or services exempt or nontaxable under this chapter is exempt from the
13 tax imposed in subsections (1) and (3).

14 ~~(6) Lodging facilities and campgrounds are exempt from the tax imposed in subsections (1)(a) and~~
15 ~~(3)(a)(i) until October 1, 2003, for contracts entered into prior to April 30, 2003, that provide for a guaranteed~~
16 ~~charge for accommodations or campgrounds.~~

17 (6) On receiving the resolution provided for in [section 1], the department shall notify sellers in the
18 incorporated city, resort area, resort area district, or county of the tax to be collected pursuant to subsections
19 (1)(b) and (3)(a)(ii).

20 (7) The department may adopt rules to provide procedures for notification by the governing body of
21 the establishment of a rent local program and to facilitate the administration of the short-term rental tax."

22

23 **Section 6.** Section 15-68-502, MCA, is amended to read:

24 **"15-68-502. Returns -- payment -- authority of department.** (1) (a) Except as provided in
25 subsection (2), on or before the last day of the month following the calendar quarter in which the transaction
26 subject to the tax imposed by this chapter occurred, a return, on a form provided by the department, and
27 payment of the tax for the preceding quarter must be filed with the department.

28 (b) Each person engaged in business within this state or using property or services within this state

1 that are subject to tax under this chapter shall file a return.

2 (c) A person making retail sales at two or more places of business shall file a separate return for
3 each separate place of business.

4 (d) A person selling accommodations shall include in the return the physical address of the
5 accommodation.

6 (2) A person who has been issued a seasonal seller's permit shall file a return and pay the tax on
7 the date or dates set by the department.

8 (3) (a) For the purposes of the sales tax or use tax, a return must be filed by:

9 (i) a retailer required to collect the tax; and

10 (ii) a person that:

11 (A) purchases any items the storage, use, or other consumption of which is subject to the sales tax
12 or use tax; and

13 (B) has not paid the tax to a retailer required to pay the tax.

14 (b) Each return must be authenticated by the person filing the return or by the person's agent
15 authorized in writing to file the return.

16 (4) (a) A person required to collect and pay to the department the taxes imposed by this chapter
17 shall keep records, render statements, make returns, and comply with the provisions of this chapter and the
18 rules prescribed by the department. Each return or statement must include the information required by the rules
19 of the department.

20 (b) For the purpose of determining compliance with the provisions of this chapter, the department
21 is authorized to examine or cause to be examined any books, papers, records, or memoranda relevant to
22 making a determination of the amount of tax due, whether the books, papers, records, or memoranda are the
23 property of or in the possession of the person filing the return or another person. In determining compliance, the
24 department may use statistical sampling and other sampling techniques consistent with generally accepted
25 auditing standards. The department may also:

26 (i) require the attendance of a person having knowledge or information relevant to a return;

27 (ii) compel the production of books, papers, records, or memoranda by the person required to
28 attend;

- 1 (iii) implement the provisions of 15-1-703 if the department determines that the collection of the tax
- 2 is or may be jeopardized because of delay;
- 3 (iv) take testimony on matters material to the determination; and
- 4 (v) administer oaths or affirmations.
- 5 (5) Pursuant to rules established by the department, returns may be computer-generated and
- 6 electronically filed."

7

8 **Section 7.** Section 15-68-820, MCA, is amended to read:

9 **"15-68-820. Sales tax and use tax proceeds.** (1) ~~Except as provided in subsections (2) through (6),~~
 10 ~~all~~All money collected under this chapter must, in accordance with the provisions of 17-2-124, be deposited by
 11 the department ~~into the general fund~~ as provided in subsections (2) through (7).

12 (2) ~~Twenty-five percent of the~~ The revenue collected on the base rental charge for rental vehicles
 13 under ~~15-68-102(1)(b) and 15-68-102(3)(a)(ii)~~ 15-68-102(1)(c) and (3)(a)(iii) must be deposited as follows:

14 (a) 75% in the general fund; and

15 (b) 25% in the state special revenue fund to the credit of the senior citizen and persons with
 16 disabilities transportation services account provided for in 7-14-112.

17 (3) ~~Until December 31, 2024, a portion of the~~ The revenue collected on the sale or use of
 18 accommodations and campgrounds under 15-68-102(1)(a) and (3)(a)(i) must be deposited as follows:

19 (a) 75% in the general fund; and

20 (b) 25% as provided in subsection (5).

21 (4) The revenue collected on the sale or use of short-term rentals under 15-68-102(1)(b) and
 22 (3)(a)(ii) must be deposited in the rent local program account provided for in [section 2].

23 (5) (a) Through December 31, 2024, the revenue deposited pursuant to subsection (3)(b) must be
 24 deposited as follows:

25 (a)(i) 20% in the account established in 22-3-1303 for construction of the Montana heritage center;
 26 and

27 (b)(ii) 5% in the account established in 22-3-1307 for historic preservation grants.

28 (4)(b) Starting January 1, 2025, a portion of the revenue collected on the sale or use of

1 ~~accommodations and campgrounds under 15-68-102(1)(a) and (3)(a)(i) the revenue deposited pursuant to~~
 2 subsection (3)(b) must be deposited or distributed as follows:

3 ~~(a)(i)~~ 6% in the account established in 22-3-1304 for operation and maintenance of the Montana
 4 heritage center;

5 ~~(b)(ii)~~ 6% distributed as provided in subsection ~~(5)(6)~~;

6 ~~(c)(iii)~~ 6% in the account established in 22-3-1307 for historic preservation grants; and

7 ~~(d)(iv)~~ 7% in the account established in 17-7-209.

8 ~~(5)(6)~~ (a) Before allocating the balance of the tax proceeds provided for in subsection (5)(b)(ii) in
 9 accordance with the provisions of 17-2-124 and as provided in subsection ~~(5)(b)~~ (6)(b) of this section, the
 10 department shall determine the expenditures by state agencies for in-state lodging for each reporting period
 11 and deduct 1% of that amount from the tax proceeds received each reporting period. The department shall
 12 distribute the portion of the 1% that was paid with federal funds to the agency that made the in-state lodging
 13 expenditure and deposit 30% of the amount deducted less the portion paid with federal funds in the state
 14 general fund.

15 (b) The balance of the tax proceeds received each reporting period and not distributed to agencies
 16 that paid the tax with federal funds must be transferred to an account in the state special revenue fund to the
 17 credit of the department of commerce for tourism promotion and promotion of the state as a location for the
 18 production of motion pictures and television commercials, to the department of fish, wildlife, and parks, and to
 19 the state-tribal economic development commission as follows:

20 (i) 7% to the department of fish, wildlife, and parks for the maintenance of facilities in state parks
 21 that have both resident and nonresident use;

22 (ii) 68.5% to be used directly by the department of commerce;

23 (iii) (A) except as provided in subsection ~~(5)(b)(iii)(B)~~ (6)(b)(iii)(B), 24% to be distributed by the
 24 department of commerce to regional nonprofit tourism corporations in the ratio of the proceeds collected in
 25 each tourism region to the total proceeds collected statewide; and

26 (B) if 24% of the proceeds collected annually within the limits of a city, consolidated city-county,
 27 resort area, or resort area district exceeds \$35,000, 50% of the amount available for distribution to the regional
 28 nonprofit tourism corporation in the region where the city, consolidated city-county, resort area, or resort area

1 district is located to be distributed to the nonprofit convention and visitors bureau in that city, consolidated city-
2 county, resort area, or resort area district; and

3 (iv) 0.5% to the state special revenue account provided for in 90-1-135 for use by the state-tribal
4 economic development commission established in 90-1-131 for activities in the Indian tourism region.

5 ~~(6)(7)~~ The tax proceeds received that are transferred to a state special revenue account pursuant to
6 subsection ~~(5)(b)~~ (6)(b) are allocated to the entities."

7

8 **Section 8.** Section 17-7-502, MCA, is amended to read:

9 **"17-7-502. Statutory appropriations -- definition -- requisites for validity.** (1) A statutory
10 appropriation is an appropriation made by permanent law that authorizes spending by a state agency without
11 the need for a biennial legislative appropriation or budget amendment.

12 (2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with
13 both of the following provisions:

14 (a) The law containing the statutory authority must be listed in subsection (3).

15 (b) The law or portion of the law making a statutory appropriation must specifically state that a
16 statutory appropriation is made as provided in this section.

17 (3) The following laws are the only laws containing statutory appropriations: 2-17-105; 5-11-120; 5-
18 11-407; 5-13-403; 5-13-404; 7-4-2502; 7-4-2924; 7-32-236; 10-1-108; 10-1-1202; 10-1-1303; 10-2-603; 10-2-
19 807; 10-3-203; 10-3-310; 10-3-312; 10-3-314; 10-3-802; 10-3-1304; 10-4-304; 10-4-310; 15-1-121; 15-1-218;
20 15-31-165; 15-31-1004; 15-31-1005; 15-35-108; 15-36-332; 15-37-117; 15-39-110; 15-65-121; [section 2]; 15-
21 70-101; 15-70-130; 15-70-433; 16-11-119; 16-11-509; 17-3-106; 17-3-212; 17-3-222; 17-3-241; 17-6-101; 17-7-
22 215; 18-11-112; 19-3-319; 19-3-320; 19-6-404; 19-6-410; 19-9-702; 19-13-604; 19-17-301; 19-18-512; 19-19-
23 305; 19-19-506; 19-20-604; 19-20-607; 19-21-203; 20-8-107; 20-9-534; 20-9-622; [20-15-328]; 20-26-617; 20-
24 26-1503; 22-1-327; 22-3-116; 22-3-117; [22-3-1004]; 23-4-105; 23-5-306; 23-5-409; 23-5-612; 23-7-301; 23-7-
25 402; 30-10-1004; 37-43-204; 37-50-209; 37-54-113; 39-71-503; 41-5-2011; 42-2-105; 44-4-1101; 44-12-213;
26 44-13-102; 46-32-108; 50-1-115; 53-1-109; 53-6-148; 53-9-113; 53-24-108; 53-24-206; 60-5-530; 60-11-115;
27 61-3-321; 61-3-415; 67-1-309; 69-3-870; 69-4-527; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 75-26-308; 76-
28 13-150; 76-13-151; 76-13-417; 76-17-103; 77-1-108; 77-2-362; 80-2-222; 80-4-416; 80-11-518; 80-11-1006;

1 81-1-112; 81-1-113; 81-7-106; 81-7-123; 81-10-103; 82-11-161; 85-2-526; 85-20-1504; 85-20-1505; [85-25-
2 102]; 87-1-603; 87-5-909; 90-1-115; 90-1-205; 90-1-504; 90-6-331; and 90-9-306.

3 (4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing,
4 paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued
5 pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of
6 Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined
7 by the state treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have
8 statutory appropriation authority for the payments. (In subsection (3): pursuant to sec. 10, Ch. 360, L. 1999, the
9 inclusion of 19-20-604 terminates contingently when the amortization period for the teachers' retirement
10 system's unfunded liability is 10 years or less; pursuant to sec. 73, Ch. 44, L. 2007, the inclusion of 19-6-410
11 terminates contingently upon the death of the last recipient eligible under 19-6-709(2) for the supplemental
12 benefit provided by 19-6-709; pursuant to sec. 5, Ch. 383, L. 2015, the inclusion of 85-25-102 is effective on
13 occurrence of contingency; pursuant to sec. 6, Ch. 423, L. 2015, the inclusion of 22-3-116 and 22-3-117
14 terminates June 30, 2025; pursuant to sec. 12, Ch. 55, L. 2017, the inclusion of 37-54-113 terminates June 30,
15 2023; pursuant to sec. 4, Ch. 122, L. 2017, the inclusion of 10-3-1304 terminates September 30, 2025;
16 pursuant to sec. 1, Ch. 213, L. 2017, the inclusion of 90-6-331 terminates June 30, 2027; pursuant to secs. 5, 8,
17 Ch. 284, L. 2017, the inclusion of 81-1-112, 81-1-113, and 81-7-106 terminates June 30, 2023; pursuant to sec.
18 1, Ch. 340, L. 2017, the inclusion of 22-1-327 terminates July 1, 2023; pursuant to sec. 10, Ch. 374, L. 2017,
19 the inclusion of 76-17-103 terminates June 30, 2027; pursuant to sec. 5, Ch. 50, L. 2019, the inclusion of 37-50-
20 209 terminates September 30, 2023; pursuant to sec. 1, Ch. 408, L. 2019, the inclusion of 17-7-215 terminates
21 June 30, 2029; pursuant to secs. 11, 12, and 14, Ch. 343, L. 2019, the inclusion of 15-35-108 terminates June
22 30, 2027; pursuant to sec. 7, Ch. 465, L. 2019, the inclusion of 85-2-526 terminates July 1, 2023; pursuant to
23 sec. 5, Ch. 477, L. 2019, the inclusion of 10-3-802 terminates June 30, 2023; pursuant to secs. 1, 2, 3, Ch. 139,
24 L. 2021, the inclusion of 53-9-113 terminates June 30, 2027; pursuant to sec. 8, Ch. 200, L. 2021, the inclusion
25 of 10-4-310 terminates July 1, 2031; pursuant to secs. 3, 4, Ch. 404, L. 2021, the inclusion of 30-10-1004
26 terminates June 30, 2027; pursuant to sec. 5, Ch. 548, L. 2021, the inclusion of 50-1-115 terminates June 30,
27 2025; pursuant to secs. 5 and 12, Ch. 563, L. 2021, the inclusion of 22-3-1004 is effective July 1, 2027; and
28 pursuant to sec. 15, Ch. 574, L. 2021, the inclusion of 46-32-108 terminates June 30, 2023.)"

1

2 **Section 9.** Section 22-3-1303, MCA, is amended to read:

3 **"22-3-1303. Account -- Montana heritage center construction.** There is an account in the capital
4 projects fund established in 17-2-102 known as the Montana heritage center construction account. The tax
5 collections allocated in ~~15-68-820(3)(a)~~ 15-68-820(5) must be deposited in the account until December 31,
6 2024. The money in the account is authorized to the department of administration and may be used only for
7 capital construction of the Montana heritage center."

8

9 **Section 10.** Section 22-3-1304, MCA, is amended to read:

10 **"22-3-1304. Account -- Montana heritage center operations.** There is an account in the state
11 special revenue fund established in 17-2-102 known as the Montana heritage center operations account. The
12 tax collections allocated in ~~15-68-820(4)(a)~~ 15-68-820(5) must be deposited in the account. The money in the
13 account may be used only for expenses incurred in the operation and maintenance of the Montana heritage
14 center, which may include the veterans' and pioneer memorial building."

15

16 **Section 11.** Section 22-3-1307, MCA, is amended to read:

17 **"22-3-1307. Historic preservation grant program account.** (1) There is an account in the state
18 special revenue fund established in 17-2-102 known as the historic preservation grant program account. The
19 tax collections allocated in ~~15-68-820(3)(b) and (4)(c)~~ 15-68-820(5) must be deposited in the account.

20 (2) Money deposited in the account is subject to appropriation by the legislature and may be used
21 only for historic preservation grants to be administered by the department of commerce.

22 (3) The department shall allocate and disburse historic preservation account funds as appropriated
23 by the legislature."

24

25 NEW SECTION. **Section 12. Codification instruction.** [Sections 1 and 2] are intended to be codified
26 as an integral part of Title 15, chapter 68, and the provisions of Title 15, chapter 68, apply to [sections 1 and 2].

27

28 NEW SECTION. **Section 13. Effective date.** [This act] is effective January 1, 2024.

